

IFA Pigs Committee Newsletter

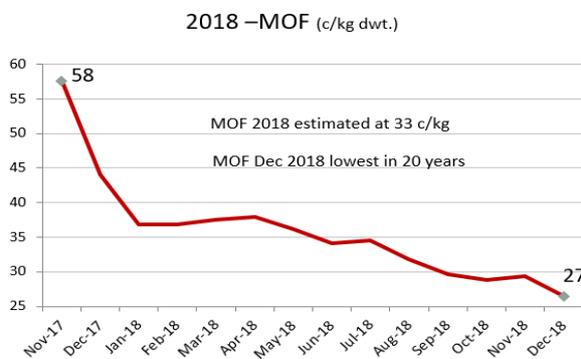
August 2019



IFA Pigs Chairman

Tom Hogan

Pig producers have endured a turbulent two years, with the worst financial crisis to hit the sector prevailing in 2018 and into the early months of this year. The perfect storm was created with a low pigmeat price on the European and World markets and the situation was compounded by the increase in feed prices. The margin over feed, (MOF) is an indicator of the margin left for the farmer after the main production cost, which is feed, is accounted for. As the graph below shows, 2018 had a MOF of just 33c/kg. The average MOF for previous years has been 45c/kg and Teagasc pig department calculate the required MOF of at least 50c/kg for a sustainable industry that is able to reinvest.



MOF throughput 2018, falling from 58c/kg dwt down to 27c/kg dwt in Dec. The lowest MOF in 20 years.

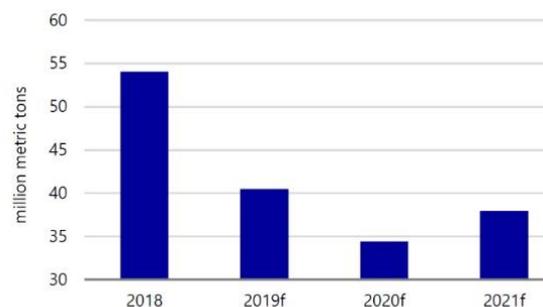
Current Market Overview



2019 is the Chinese year of the pig. But at the moment pigs have little to celebrate in China, and in many other countries affected by African Swine Fever (ASF), a highly contagious virus, which has spread uncontrollably to every province in China. The first reports of ASF in China were over a year ago, in August 2018. The country is the world's biggest pork producer, and home to half the pigs on the planet. In the last year it has reported 149 outbreaks. Some 1.5m pigs have been culled, according to official statistics. Unofficial reports suggest far bigger losses. Rabobank, has estimated that by year-end, as many as 200m pigs could be lost to disease, leading to a 30% drop in pork production.

Forecast of Pork Production reduction in China

The disease has spread throughout China and neighbouring countries in the past year, most recently into Myanmar which reported its first case of ASF on 14th August 2019 on a small domestic pig farm located close to the Chinese border. Since then a further outbreak has been reported in the same district in the East of the country. The outbreak in Myanmar brings the number of countries affected by ASF in



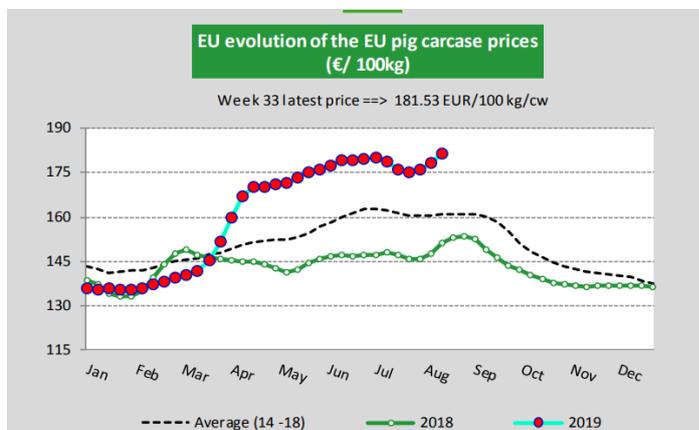
Source: China Statistics Bureau, Rabobank 2019

Southeast Asia to seven – China, Mongolia, Vietnam, Laos, Cambodia, North Korea and Myanmar. The domestic, often backyard nature of pig farming in this part of the world, coupled with poor, and often non-existent bio-security, swill feeding, and poor information has all contributed to ASF spreading uncontrolled, causing such a devastating effect on the worlds most consumed protein.

Global Trade Flow. Who will fill the Gap?

The unprecedented supply loss in China caused by ASF has altered global trade flows, and will continue to do so. China is the world’s largest pork export destination and in the first half of 2019, EU exports to China were up 41% year-on-year. This unprecedented market disturbance has contributed to the upward trend in international pork prices and the pressure for further price increases will force traditional pork importers such as Mexico, Japan and South Korea to compete for pork supplies on the world market. What will all this mean to the Irish pig producers? While there is never a guarantee on commodity prices, it is clear that there is and will continue to be a huge shortfall in domestic supply of pork in China and increasingly so in surrounding ASF affected countries in Asia. As the preference is for pork and pigmeat consumption, it will leave demand outstripping supply for the foreseeable future. This is all good news for the Irish pig farmers so far, but at what price? The EU is the best positioned exporter of pork into Asia, with established trade relationships and trusted supply chains and product. The IFA must ensure that the Irish pig price is at least on a par, and given out strong domestic market, above the European pig price average for 2019 and into the future. This is one of the main priorities for the IFA. Chairman Tom Hogan stated “after the disastrous 18 months that Irish pig farmers have gone through, the IFA must ensure that the improved market conditions are returned in full to farmers. It will take a long time for the losses endured and debt that has been accumulated to be repaid. The perception from some commentators that the increased pig price has been a silver bullet to the sector needs to be dispelled. Farmers need to reinvest in their units and it will take time to repay the losses that all pig farmers have incurred. The reality of the current situation is that the average price in Ireland, year to date is just above €1.50c/kg. This is only break even and it will take a sustained period of time of current prices to allow pig farmers to eat into debt and tackle creditors bills. IFA have met with financial institutions on numerous occasions over the past few years, and will continue to keep close communication with all main banks, who have in the main been supportive of the sector throughout the crisis.

On the current Irish pig price, Tom Hogan said that a huge level of anger had built up in the pig farming community in recent weeks. “We have watched on as European countries with similar production and export profiles to ourselves saw pig prices improve by 10-14c/kg. This is translated into the adjusted EU average pig price which stands at €1.81c/kg as the graph below shows. We cannot be left trailing behind our EU counterparts, as was the case in the spring of 2019, when Irish factories failed to return increases to farmers as quickly as happened across the EU.



African Swine Fever Controls in Ireland

ASF is present in many Eastern European countries, and new cases were reported in Serbia, Bulgaria, Poland and Slovakia in recent weeks. The presence of wild boar is a major factor contributing to the spread of the disease across Eastern Europe. As Ireland is part of the single market in the EU, we have free trade with many countries that have reported outbreaks of ASF in both backyard pig and more intensively farmed pig units. The threat of ASF to the entire pig sector in Ireland cannot be overstated and it would be devastating to the country's third largest agricultural sector. Tom Hogan has held many meetings with the Department of Agriculture authorities, emphasising the treat to the sector and promoting greater steps to ensure the ASF free status of our herd. Many pig committee members including Shane McAuliffe and Jonathan Marry have featured in print media and on radio highlighting the major threat of ASF and the routes of transmission.



Tom Hogan along with Pigs Committee members, William Murphy, Maurice O'Brien and Christopher Brady meeting the DAFM on African Swine Fever

AFRICAN SWINE FEVER IS A THREAT TO OUR PIGS. KEEP IT OUT OF IRELAND.

X NEVER FEED FOOD WASTE TO PIGS.
African swine fever can survive for weeks, months or even years in pork and pork products.

✓ REGISTER YOUR PIGS WITH YOUR LOCAL REGIONAL VETERINARY OFFICE. Even if you only have one or two pigs (including pet pigs) you must obtain a pig herd number.

www.agriculture.gov.ie/asf



Done Deal notice

The IFA have insisted on higher levels of checks at points of enter into Ireland, particularly in the busy holiday season, with background baggage checks especially with flights originating in regions that are ASF positive.

Animal Health Ireland (AHI) Pig Levy

The IFA invited Dr. David Graham CEO of AHI to address the Pigs Committee in early 2019 and debated the value to pig farmers if they contributed matching funding of €125,000 along with the Government to pay for an AHI pigs programme. The Committee agreed for a levy of 4 cent per pig slaughtered, which will be collected at point of slaughter from September. AHI currently fund PVP vets to conduct a Biocheck, biosecurity assessment of all commercial pig units. Tom Hogan said that the contribution farmers make, must be directed towards projects which will reduce our animal health cost in the long run and improve our expert opportunities.

Targeted Agricultural Modernisation Scheme TAMS for Pigs

The IFA have made a submission to the Department of Agriculture to have the investment ceiling for the Pigs TAMS Grant Scheme increased from its current limit of €80,000 up to €500,000. The current scheme is clearly not fit for purpose and with the scale of investments that pig farmers need to undertake on their units, an investment ceiling of €500,000 is more appropriate to the sector. Chairman Tom Hogan has met Department of Agricultural officials and the Minister for Agriculture, Michael Creed TD and put the case of the pig farmers to them.



IFA Pigs Chairman Tom Hogan and Maurice O'Brien meeting Minister Michael Creed in recent weeks. TAMS investment limit, the threat of African Swine Fever, market access for pigmeat and Brexit were among the issues the IFA raised with the Minister.

Shane McAuliffe also meeting Minister Creed to highlighting the risk of ASF.



Bord Bia Update.

The use of the Bord Bia Quality assurance mark on Irish pork and bacon sold on the retail shelf continues to rise. Own branded coproducts produced and sold for the main retailers are demanding 100% Board Bia Irish pigmeat and this is verified by Bord Bia audits and also the IFA DNA scheme testing regime. Dunnes Stores, SuperValu, Tesco, Aldi and Lidl hold the majority share of the Irish retail market and their insistence on Bord Bia QA product is the result of many years of work by the IFA and past Chairmen and Committees to increase the sale of Irish pigmeat on our own domestic market. The big task facing the sector today is to try to encourage greater usage of Irish Bord Bia QA product by the food service. This is an area that is increasingly accounting for bigger volumes, as peoples eating habits change, eating on the go is now more common.

The Bord Bia Quality assurance standard is being updated to incorporate a sustainability element. This is a requirement, by many retailers both at home and for our important export markets. IFA will engage in the Bord Bia Technical Advisory Committee (TAC) which will oversee the new QA standard to ensure that the producer's interests are represented and the scheme is workable for farmers.



IFA DNA Scheme.

The IFA DNA scheme continues to monitor and test pigmeat products to ensure that full compliance from the meat processing sector. All products labelled as Irish can be tested at random and checked against the database of Irish Boars DNA to ensure that the product originated from Irish pigs. The DNA scheme has been a driving force behind the huge increase in Irish products on retail shelves over the past 5 years.

IFA Grain Market Report

Most of the Winter barley and Winter oats harvest are now completed with good progress made on Winter oilseed rape, however work has ground to a halt in the past week due to the wet conditions.

On average, yields are described as reasonable however, there is much variation even within farms. It must be remembered that we have one of the lowest cereal plantings on record this season so even if yields are above average, overall production will not be high compared to the long-term average.

There is very little activity in the market as buyers stay on the sidelines. This would be normal for this time of year however it is unusually quiet as there are doubts over winter demand in the beef sector; the implications of a hard Brexit and the knowledge that domestic grain supply is up compared to last year with less anticipated demand.

The combination of a good harvest and weak sterling has ensured that the UK has some of the cheapest grain in Europe. However, the reduced plantings and yield of oil seed rape in Britain have provided support to this market.

Irish Native/Import Dried Prices

	Spot 23/08/2019	New Crop 2019
Wheat	€176/t	€177/t
Barley	€167/t	€170/t
Oats	€180	
OSR		€360
Maize (Import)	€185	€185
Soya (Import)	€325	€330

The major news in the international markets this week was the release of the updated corn(maize) planted figures from the USDA. It revealed higher production figures than expected by the market and this caused US corn futures to drop by over 10% in two days. There was a knock-on effect in wheat futures with

US markets falling by 6% and the European Matif Dec 19 down 3%. Maize eventually found support due to short covering and some positive developments on the US/China trade war however, the market remains bearish due to forecasts of warm wet weather in the US corn belts.

Notwithstanding the positive production report from the USDA, the story on corn has a long way to run yet, as the crop is behind in its development stage and weather events and the possibility of a poor back end to the season could see the market turn positive again.

Pig Health and Welfare

The IFA pigs committee recognises the many challenges facing the pig sector, with the issue of tackling Anti-Microbial Resistance (AMR) an area that pig farmers, as food producers must be very engaged with. IFA have emphasised the importance of AMR for the pig sector to Teagasc and promoting the responsible use of antimicrobials in all agricultural sectors. Tom Hogan and Shane McAuliffe along with Pat O’Keeffe from the IFA National Animal Health Committee have been part of an APHA working group where they have been drafting a Code of Good Practice Regarding the Responsible Use of Antimicrobials on Pig Farms. Dr Edgar Garcia Manzanilla from Teagasc and Dr Lisa Geraghty have also been part of this working group. This document will be published in the coming weeks. Shane McAuliffe has also represented the IFA on the SAFEFOOD advisory group. The SAFEFOOD project will look at the knowledge, attitudes and behaviour into the use of antimicrobials in animal health on the island of Ireland. Research in combating AMR, both in the purpose-built facility in Moorepark, and on commercial farms is ongoing, and results to date have shown that with the right information and tools, that a reduction in the overall usage of antibiotics is achievable. Improvement in the overall health status combined with lower usage of antibiotics will have a number of benefits to the industry such as reducing overall costs per kilo, improved market access and strengthening consumer confidence in key markets. The Biocheck assessment tool mentioned above, which is free to all pig farmers, from their own herd vet, is a useful tool in assessing where to start in the journey of reducing usage and tackling AMR as an industry.

Welfare Issues: The welfare of pigs is of uppermost importance to every pig farmer and the IFA must ensure that this is recognised and that an assessment of the welfare of the pig is in the best interest of the pig. The IFA have engaged with the Farm Animal Welfare Advisory Council on a code of practice and this code covers a multitude of areas including pig health, accommodation, feed and water quality, tail biting, castration, and farrowing. Tail docking has been focused on increasing in recent times. Pig farmers know that leaving pigs' tails intact can lead to severe animal welfare and performance problems, as undocked tails are one of the biggest risk factors for tail biting. The routine docking of pigs' tails is not permitted in the EU, and there has been a strong push in recent years by the EU Commission to determine the level of compliance with this law. While trials in Ireland have shown that leaving tails intact leads to greater welfare issues on farms, Teagasc in conjunction with AHI have developed a risk assessment protocol that your own herd vet can carry out. This TASAH-funded risk assessment is free for all pig producers, please contact your own herd vet for more information. The IFA cannot allow any extra cost to be placed on the farmers, but it is recognised that outbreaks of tail biting can occur even when tails are docked. IFA will continue to engage with the Department of Agriculture, AHI and Teagasc in tackling the tail biting issues without burdening farmers with any extra costs.

Teagasc Pig Development Department.

The IFA along with a number of pig farmers, meet with Teagasc and other stakeholders to review current research and service from the Teagasc Pig development team and given direction to future work. Ongoing work includes development of an economic analysis of pig production, which can be used to support decision making on farm. Antimicrobial resistance and tail biting are two current areas that Teagasc is engaging with the DAFM to inform the process so that the best results are obtained. Updated production figures from the research facility in Moorpark are discussed and the stakeholders are informed of ongoing trials. Suggestions from farmers on future research is discussed and taken on board by Edgar and his team in Moorepark at stakeholders' meetings. An update from the Teagasc advisory division with details of current initiative such as the Lean programme, education and dissemination of information to the general pig farming community. The IFA, representing farmers as levy contributors to the Teagasc pig programme, regularly met with the Edgar Garcia, Head of the Pig development team and Ciaran Carrol, Head of Knowledge Transfer.

The Teagasc Pig Farmers Conference will take place on the **22nd of October** in the Horse and Jockey Hotel, Co. Tipperary and on the **23rd of October** in Hotel Kilmore, Cavan.

The IFA will be holding a Pig Policy information meeting in Portlaoise in early November 2019, and speakers from the Department of Agriculture, Teagasc and Bord Bia will cover main of the current policy issues which face the industry. More detail to follow.



IFA Pig Chairman Tom Hogan, IFA Treasurer Tim Cullinan, Munster Regional Chairman, John Coughlan and IFA Director General Damian McDonald at a pig farmer meeting in Moneygall, April 2019.